



Reprinted  
March 29, 2005

---

---

## ENGROSSED SENATE BILL No. 609

---

DIGEST OF SB 609 (Updated March 28, 2005 9:37 pm - DI 84)

**Citations Affected:** IC 6-3.5; IC 36-9; noncode.

**Synopsis:** County income tax distributions. Distributes county adjusted gross income tax (CAGIT) revenue to civil taxing units and school corporations and county option income tax (COIT) revenue to civil taxing units according to a formula that (1) excludes the portion of property taxes used to pay debt issued after June 30, 2005, and (2) includes the previous year's local income tax distribution. Provides that the department of state revenue shall make adjustments to increase a county's certified distribution of CAGIT, COIT, or county economic development income tax (CEDIT) revenue when a county increases the tax rate, in the same manner required when the county initially imposes the tax. Changes the date (from January 1 to July 1) on which residency is determined for purposes of the county adjusted gross income tax, the county option income tax, the county economic development income tax, and the municipal option income tax. Eliminates the necessity for the county fiscal body of a county having a consolidated city to adopt an ordinance to fund a public transportation corporation with COIT revenue.

**Effective:** January 1, 2005 (retroactive); upon passage; July 1, 2005; January 1, 2006.

---

---

### Kenley, Hume

(HOUSE SPONSORS — ESPICH, CRAWFORD)

---

---

January 24, 2005, read first time and referred to Committee on Tax and Fiscal Policy.  
February 8, 2005, reported favorably — Do Pass.  
February 28, 2005, read second time, amended, ordered engrossed.  
March 1, 2005, engrossed. Read third time, passed. Yeas 48, nays 0.

#### HOUSE ACTION

March 10, 2005, read first time and referred to Committee on Ways and Means.  
March 17, 2005, amended, reported — Do Pass.  
March 21, 2005, read second time, ordered engrossed.  
March 22, 2005, engrossed.  
March 28, 2005, read third time, recommitted to Committee of One, amended; passed.  
Yeas 97, nays 0.

---

---

ES 609—LS 7754/DI 113+



C  
o  
p  
y

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 609

A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-1.1-1.1 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2006]: **Sec. 1.1. (a) For purposes of**  
4 **allocating the certified distribution made to a county under this**  
5 **chapter among the civil taxing units and school corporations in the**  
6 **county, the allocation amount for a civil taxing unit or school**  
7 **corporation is the amount determined using the following formula:**  
8 **STEP ONE: Determine the sum of the total property taxes**  
9 **being collected by the civil taxing unit or school corporation**  
10 **during the calendar year of the distribution.**  
11 **STEP TWO: Determine the sum of the following:**  
12 **(A) Amounts appropriated from property taxes to pay the**  
13 **principal of or interest on any debenture or other debt**  
14 **obligation issued after June 30, 2005, other than an**  
15 **obligation described in subsection (b).**  
16 **(B) Amounts appropriated from property taxes to make**  
17 **payments on any lease entered into after June 30, 2005,**

ES 609—LS 7754/DI 113+



C  
o  
p  
y

other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

**STEP THREE:** Subtract the STEP TWO amount from the STEP ONE amount.

**STEP FOUR:** Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes; to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit or school corporation if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes; to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been

C  
o  
p  
y



1 **refinanced or increases the total amount that must be paid on a**  
 2 **debt or lease in excess of the amount that would have been paid if**  
 3 **the debt or lease had not been refinanced. The amount of the**  
 4 **deduction is the annual amount for each year of the extension**  
 5 **period or the annual amount of the increase over the amount that**  
 6 **would have been paid.**

7 SECTION 2. IC 6-3.5-1.1-9 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Revenue derived  
 9 from the imposition of the county adjusted gross income tax shall, in  
 10 the manner prescribed by this section, be distributed to the county that  
 11 imposed it. The amount to be distributed to a county during an ensuing  
 12 calendar year equals the amount of county adjusted gross income tax  
 13 revenue that the department, after reviewing the recommendation of the  
 14 budget agency, determines has been:

- 15 (1) received from that county for a taxable year ending before the
- 16 calendar year in which the determination is made; and
- 17 (2) reported on an annual return or amended return processed by
- 18 the department in the state fiscal year ending before July 1 of the
- 19 calendar year in which the determination is made;

20 as adjusted (as determined after review of the recommendation of the  
 21 budget agency) for refunds of county adjusted gross income tax made  
 22 in the state fiscal year.

23 (b) Before August 2 of each calendar year, the department, after  
 24 reviewing the recommendation of the budget agency, shall certify to the  
 25 county auditor of each adopting county the amount determined under  
 26 subsection (a) plus the amount of interest in the county's account that  
 27 has accrued and has not been included in a certification made in a  
 28 preceding year. The amount certified is the county's "certified  
 29 distribution" for the immediately succeeding calendar year. The amount  
 30 certified shall be adjusted under subsections (c), (d), (e), (f), and (g).  
 31 The department shall provide with the certification an informative  
 32 summary of the calculations used to determine the certified  
 33 distribution.

34 (c) The department shall certify an amount less than the amount  
 35 determined under subsection (b) if the department, after reviewing the  
 36 recommendation of the budget agency, determines that the reduced  
 37 distribution is necessary to offset overpayments made in a calendar  
 38 year before the calendar year of the distribution. The department, after  
 39 reviewing the recommendation of the budget agency, may reduce the  
 40 amount of the certified distribution over several calendar years so that  
 41 any overpayments are offset over several years rather than in one (1)  
 42 lump sum.

**C**  
**O**  
**P**  
**Y**



(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

- (1) initially imposes ~~a~~ **the county adjusted gross income tax; or**
- (2) **increases the county adjusted income tax rate;**

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

SECTION 3. IC 6-3.5-1.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 11. (a) Except for:

- (1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;
- (2) revenue that must be used to pay the costs of:
  - (A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;
  - (B) debt service on bonds; or
  - (C) lease rentals;

under section 2.8 of this chapter;

- (3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of

C  
o  
p  
y



1 this chapter;

2 (4) revenue that must be used to pay the costs of operating and  
3 maintaining a jail and justice center under section 3.5(d) of this  
4 chapter; or

5 (5) revenue that must be used to pay the costs of constructing,  
6 acquiring, improving, renovating, or equipping a county  
7 courthouse under section 3.6 of this chapter;

8 the certified distribution received by a county treasurer shall, in the  
9 manner prescribed in this section, be allocated, distributed, and used  
10 by the civil taxing units and school corporations of the county as  
11 certified shares and property tax replacement credits.

12 (b) Before August 10 of each calendar year, each county auditor  
13 shall determine the part of the certified distribution for the next  
14 succeeding calendar year that will be allocated as property tax  
15 replacement credits and the part that will be allocated as certified  
16 shares. The percentage of a certified distribution that will be allocated  
17 as property tax replacement credits or as certified shares depends upon  
18 the county adjusted gross income tax rate for resident county taxpayers  
19 in effect on August 1 of the calendar year that precedes the year in  
20 which the certified distribution will be received by two (2) years. The  
21 percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
	REPLACEMENT CREDITS	CERTIFIED SHARES
ADJUSTED GROSS INCOME TAX RATE		
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

22 (c) The part of a certified distribution that constitutes property tax  
23 replacement credits shall be distributed as provided under sections 12,  
24 13, and 14 of this chapter.

25 (d) The part of a certified distribution that constitutes certified  
26 shares shall be distributed as provided by section 15 of this chapter.

27 SECTION 4. IC 6-3.5-1.1-12 IS AMENDED TO READ AS  
28 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 12. (a) The part  
29 of a county's certified distribution for a calendar year that is to be used  
30 as property tax replacement credits shall be allocated by the county  
31 auditor among the civil taxing units and school corporations of the  
32 county.

33 (b) Except as provided in section 13 of this chapter, the amount of  
34 property tax replacement credits that each civil taxing unit and school  
35 corporation in a county is entitled to receive during a calendar year



C  
o  
p  
y

1 equals the product of:

2 (1) that part of the county's certified distribution that is dedicated  
3 to providing property tax replacement credits for that same  
4 calendar year; multiplied by

5 (2) a fraction:

6 (A) The numerator of the fraction equals the ~~sum of the total~~  
7 ~~property taxes being collected by the civil taxing unit or school~~  
8 ~~corporation during that calendar year; plus with respect to a~~  
9 ~~civil taxing unit, the amount of federal revenue sharing funds~~  
10 ~~and certified shares received by it during that calendar year to~~  
11 ~~the extent that they are used to reduce its property tax levy~~  
12 ~~below the limit imposed by IC 6-1.1-18.5 for that same~~  
13 ~~calendar year~~ **allocation amount for the civil taxing unit or**  
14 **school corporation during that calendar year.**

15 (B) The denominator of the fraction equals the sum of the ~~total~~  
16 ~~property taxes being collected by all civil taxing units and~~  
17 ~~school corporations; plus the amount of federal revenue~~  
18 ~~sharing funds and certified shares received by all civil taxing~~  
19 ~~units in the county to the extent that they are used to reduce~~  
20 ~~the civil taxing units' property tax levies below the limits~~  
21 ~~imposed by IC 6-1.1-18.5 for that same calendar year~~  
22 **allocation amounts for all the civil taxing units and school**  
23 **corporations of the county for that calendar year.**

24 (c) The department of local government finance shall provide each  
25 county auditor with the amount of property tax replacement credits that  
26 each civil taxing unit and school corporation in the auditor's county is  
27 entitled to receive **under this section**. The county auditor shall then  
28 certify to each civil taxing unit and school corporation the amount of  
29 property tax replacement credits it is entitled to receive (after  
30 adjustment made under section 13 of this chapter) **under this section**  
31 during that calendar year. The county auditor shall also certify these  
32 distributions to the county treasurer.

33 SECTION 5. IC 6-3.5-1.1-14 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 14. (a) In  
35 determining the amount of property tax replacement credits civil taxing  
36 units and school corporations of a county are entitled to receive during  
37 a calendar year, the department of local government finance shall  
38 consider only property taxes imposed on tangible property that was  
39 assessed in that county.

40 (b) If a civil taxing unit or a school corporation is located in more  
41 than one (1) county and receives property tax replacement credits from  
42 one (1) or more of the counties, then the property tax replacement

C  
o  
p  
y



credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

**(d) Subject to subsection (e), if a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the civil taxing unit or school corporation is entitled to use the property tax replacement credits distributed to the civil taxing unit or school corporation for any purpose for which a property tax levy could be used.**

~~(d)~~ (e) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund**, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~five (5)~~ **six (6)** funds in proportion to the levy for each fund.

SECTION 6. IC 6-3.5-1.1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 15. (a) As used in this section, ~~"attributed levy"~~ **"attributed allocation amount"** of a civil taxing unit **for a calendar year** means the sum of:

(1) the ~~ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus~~ **allocation amount of the civil taxing unit for that calendar year; plus**

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

~~(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to~~

C  
o  
p  
y





discharge governmental services or functions on behalf of or  
ordinarily attributable to the civil taxing unit) to reduce its ad  
valorem property tax levies below the limits imposed by  
IC 6-1.1-18.5; plus

(4) (3) in the case of a county, an amount equal to the property  
taxes imposed by the county in 1999 for the county's welfare fund  
and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as  
certified shares shall be allocated only among the county's civil taxing  
units. Each civil taxing unit of a county is entitled to receive a  
percentage of the certified shares to be distributed in the county equal  
to the ratio of its attributed levy to the total attributed levies of all civil  
taxing units of the county: **certified share during a calendar year in  
an amount determined in STEP TWO of the following formula:**

**STEP ONE: Divide:**

**(A) the attributed allocation amount of the civil taxing unit  
during that calendar year; by**

**(B) the sum of the attributed allocation amounts of all the  
civil taxing units of the county during that calendar year.**

**STEP TWO: Multiply the part of the county's certified  
distribution that is to be used as certified shares by the STEP  
ONE amount.**

(c) The local government tax control board established by  
IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing  
units that are entitled to receive certified shares during a calendar year.  
If the ad valorem property tax levy of any special taxing district,  
authority, board, or other entity is attributed to another civil taxing unit  
under subsection (b)(2), (a)(2), then the special taxing district,  
authority, board, or other entity shall not be treated as having an  
attributed ~~levy~~ **allocation amount** of its own. The local government tax  
control board shall certify the attributed ~~levy~~ **allocation** amounts to the  
appropriate county auditor. The county auditor shall then allocate the  
certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated  
as additional revenue for the purpose of fixing its budget for the  
calendar year during which the certified shares will be received. The  
certified shares may be allocated to or appropriated for any purpose,  
including property tax relief or a transfer of funds to another civil  
taxing unit whose levy was attributed to the civil taxing unit in the  
determination of its attributed ~~levy~~ **allocation amount**.

SECTION 7. IC 6-3.5-1.1-16 IS AMENDED TO READ AS  
FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

ES 609—LS 7754/DI 113+



C  
o  
p  
y

Sec. 16. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which ~~he~~ **the individual**:

(1) maintains a home, if the individual maintains only one (1) in Indiana;

(2) if subdivision (1) does not apply, is registered to vote;

(3) if neither subdivision (1) or (2) applies, registers ~~his~~ **the individual's** personal automobile; or

(4) if neither subdivision (1), (2), or (3) applies, spends the majority of ~~his~~ **the individual's** time ~~spent~~ in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July 1** of the calendar year in which the individual's taxable year commences. If an individual changes the location of ~~his~~ **the individual's** residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1** of a calendar year, ~~his~~ **the individual's** liability for county adjusted gross income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

(1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or

(2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county adjusted gross income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

SECTION 8. IC 6-3.5-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does

C  
o  
p  
y



not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), **a public transportation corporation established under IC 36-9-4**, and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

(1) who resides in that county on the date specified in section 20 of this chapter; or

(2) who maintains his principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

SECTION 9. IC 6-3.5-6-1.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:**

**STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.**

**STEP TWO: Determine the sum of the following:**

**(A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt**

C  
o  
p  
y



obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

**STEP THREE:** Subtract the STEP TWO amount from the STEP ONE amount.

**STEP FOUR:** Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease

**C  
o  
p  
y**



1 entered into after June 30, 2005, is deducted if the lease extends  
 2 payments on a debt or lease beyond the time in which the debt or  
 3 lease would have been payable if it had not been refinanced or  
 4 increases the total amount that must be paid on a debt or lease in  
 5 excess of the amount that would have been paid if the debt or lease  
 6 had not been refinanced. The amount of the deduction is the annual  
 7 amount for each year of the extension period or the annual amount  
 8 of the increase over the amount that would have been paid.

9 SECTION 10. IC 6-3.5-6-17 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Revenue  
 11 derived from the imposition of the county option income tax shall, in  
 12 the manner prescribed by this section, be distributed to the county that  
 13 imposed it. The amount that is to be distributed to a county during an  
 14 ensuing calendar year equals the amount of county option income tax  
 15 revenue that the department, after reviewing the recommendation of the  
 16 budget agency, determines has been:

17 (1) received from that county for a taxable year ending in a  
 18 calendar year preceding the calendar year in which the  
 19 determination is made; and

20 (2) reported on an annual return or amended return processed by  
 21 the department in the state fiscal year ending before July 1 of the  
 22 calendar year in which the determination is made;

23 as adjusted (as determined after review of the recommendation of the  
 24 budget agency) for refunds of county option income tax made in the  
 25 state fiscal year.

26 (b) Before August 2 of each calendar year, the department, after  
 27 reviewing the recommendation of the budget agency, shall certify to the  
 28 county auditor of each adopting county the amount determined under  
 29 subsection (a) plus the amount of interest in the county's account that  
 30 has accrued and has not been included in a certification made in a  
 31 preceding year. The amount certified is the county's "certified  
 32 distribution" for the immediately succeeding calendar year. The amount  
 33 certified shall be adjusted, as necessary, under subsections (c), (d), and  
 34 (e). The department shall provide with the certification an informative  
 35 summary of the calculations used to determine the certified  
 36 distribution.

37 (c) The department shall certify an amount less than the amount  
 38 determined under subsection (b) if the department, after reviewing the  
 39 recommendation of the budget agency, determines that the reduced  
 40 distribution is necessary to offset overpayments made in a calendar  
 41 year before the calendar year of the distribution. The department, after  
 42 reviewing the recommendation of the budget agency, may reduce the

C  
o  
p  
y



amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

**(1) initially imposed a county option income tax; or**

**(2) increases the county option income tax rate;**

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 11. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as

C  
o  
p  
y



1 ~~established provided in an election, if any, made by the county~~  
 2 ~~fiscal body under IC 36-9-4-42; IC 36-9-4;~~

3 (4) make payments permitted under IC 36-7-15.1-17.5;

4 (5) make payments permitted under subsection (i); and

5 (6) make distributions of distributive shares to the civil taxing  
 6 units of a county.

7 (b) The county auditor shall retain from the payments of the county's  
 8 certified distribution, an amount equal to the revenue lost, if any, due  
 9 to the increase of the homestead credit within the county. This money  
 10 shall be distributed to the civil taxing units and school corporations of  
 11 the county as though they were property tax collections and in such a  
 12 manner that no civil taxing unit or school corporation shall suffer a net  
 13 revenue loss due to the allowance of an increased homestead credit.

14 (c) The county auditor shall retain the amount, if any, specified by  
 15 the county fiscal body for a particular calendar year under subsection  
 16 (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the  
 17 county's certified distribution for that same calendar year. The county  
 18 auditor shall distribute amounts retained under this subsection to the  
 19 county.

20 (d) All certified distribution revenues that are not retained and  
 21 distributed under subsections (b) and (c) shall be distributed to the civil  
 22 taxing units of the county as distributive shares.

23 (e) The amount of distributive shares that each civil taxing unit in  
 24 a county is entitled to receive during a month equals the product of the  
 25 following:

26 (1) The amount of revenue that is to be distributed as distributive  
 27 shares during that month; multiplied by

28 (2) A fraction. The numerator of the fraction equals the ~~total~~  
 29 ~~property taxes that are first due and payable to the civil taxing unit~~  
 30 ~~during the calendar year in which the month falls; plus, for a~~  
 31 ~~county, an amount equal to the property taxes imposed by the~~  
 32 ~~county in 1999 for the county's welfare fund and welfare~~  
 33 ~~administration fund allocation amount for the civil taxing unit~~  
 34 **for the calendar year in which the month falls. The**  
 35 **denominator of the fraction equals the sum of the total property**  
 36 **taxes that are first due and payable to all civil taxing units of the**  
 37 **county during the calendar year in which the month falls; plus an**  
 38 **amount equal to the property taxes imposed by the county in 1999**  
 39 **for the county's welfare fund and welfare administration fund**  
 40 **allocation amounts of all the civil taxing units of the county**  
 41 **for the calendar year in which the month falls.**

42 (f) The department of local government finance shall provide each

C  
o  
p  
y



1 county auditor with the fractional amount of distributive shares that  
 2 each civil taxing unit in the auditor's county is entitled to receive  
 3 monthly under this section.

4 (g) Notwithstanding subsection (e), if a civil taxing unit of an  
 5 adopting county does not impose a property tax levy that is first due  
 6 and payable in a calendar year in which distributive shares are being  
 7 distributed under this section, that civil taxing unit is entitled to receive  
 8 a part of the revenue to be distributed as distributive shares under this  
 9 section within the county. The fractional amount such a civil taxing  
 10 unit is entitled to receive each month during that calendar year equals  
 11 the product of the following:

12 (1) The amount to be distributed as distributive shares during that  
 13 month; multiplied by

14 (2) A fraction. The numerator of the fraction equals the budget of  
 15 that civil taxing unit for that calendar year. The denominator of  
 16 the fraction equals the aggregate budgets of all civil taxing units  
 17 of that county for that calendar year.

18 (h) If for a calendar year a civil taxing unit is allocated a part of a  
 19 county's distributive shares by subsection (g), then the formula used in  
 20 subsection (e) to determine all other civil taxing units' distributive  
 21 shares shall be changed each month for that same year by reducing the  
 22 amount to be distributed as distributive shares under subsection (e) by  
 23 the amount of distributive shares allocated under subsection (g) for that  
 24 same month. The department of local government finance shall make  
 25 any adjustments required by this subsection and provide them to the  
 26 appropriate county auditors.

27 (i) Notwithstanding any other law, a county fiscal body may pledge  
 28 revenues received under this chapter to the payment of bonds or lease  
 29 rentals to finance a qualified economic development tax project under  
 30 IC 36-7-27 in that county or in any other county if the county fiscal  
 31 body determines that the project will promote significant opportunities  
 32 for the gainful employment or retention of employment of the county's  
 33 residents.

34 SECTION 12. IC 6-3.5-6-20 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
 36 Sec. 20. (a) For purposes of this chapter, an individual shall be treated  
 37 as a resident of the county in which ~~he~~ **the individual**:

38 (1) maintains a home, if the individual maintains only one (1) in  
 39 Indiana;

40 (2) if subdivision (1) does not apply, is registered to vote;

41 (3) if subdivision (1) or (2) does not apply, registers ~~his~~ **the**  
 42 **individual's** personal automobile; or

C  
o  
p  
y





(4) if subdivision (1), (2), or (3) does not apply, spends the majority of ~~his~~ **the individual's** time ~~spent~~ in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July** 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of ~~his~~ **the individual's** residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1** of a calendar year, ~~his~~ **the individual's** liability for county option income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

(1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or

(2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county option income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

SECTION 13. IC 6-3.5-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county economic development income

C  
o  
p  
y



1 tax made in the state fiscal year plus the amount of interest in the  
 2 county's account that has been accrued and has not been included in a  
 3 certification made in a preceding year. The amount certified is the  
 4 county's certified distribution, which shall be distributed on the dates  
 5 specified in section 16 of this chapter for the following calendar year.  
 6 The amount certified shall be adjusted under subsections (c), (d), (e),  
 7 (f), and (g). The department shall provide with the certification an  
 8 informative summary of the calculations used to determine the certified  
 9 distribution.

10 (c) The department shall certify an amount less than the amount  
 11 determined under subsection (b) if the department, after reviewing the  
 12 recommendation of the budget agency, determines that the reduced  
 13 distribution is necessary to offset overpayments made in a calendar  
 14 year before the calendar year of the distribution. The department, after  
 15 reviewing the recommendation of the budget agency, may reduce the  
 16 amount of the certified distribution over several calendar years so that  
 17 any overpayments are offset over several years rather than in one (1)  
 18 lump sum.

19 (d) After reviewing the recommendation of the budget agency, the  
 20 department shall adjust the certified distribution of a county to correct  
 21 for any clerical or mathematical errors made in any previous  
 22 certification under this section. The department, after reviewing the  
 23 recommendation of the budget agency, may reduce the amount of the  
 24 certified distribution over several calendar years so that any adjustment  
 25 under this subsection is offset over several years rather than in one (1)  
 26 lump sum.

27 (e) The department, after reviewing the recommendation of the  
 28 budget agency, shall adjust the certified distribution of a county to  
 29 provide the county with the distribution required under section 16(b)  
 30 of this chapter.

31 (f) The department, after reviewing the recommendation of the  
 32 budget agency, shall adjust the certified distribution of a county to  
 33 provide the county with the amount of any tax increase imposed under  
 34 section 25 or 26 of this chapter to provide additional homestead credits  
 35 as provided in those provisions.

36 (g) This subsection applies to a county that:

37 **(1) initially imposed a the county economic development**  
 38 **income tax; or**

39 **(2) increases the county economic development income rate;**  
 40 under this chapter in the same calendar year in which the department  
 41 makes a certification under this section. The department, after  
 42 reviewing the recommendation of the budget agency, shall adjust the

C  
o  
p  
y



certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (c).

SECTION 14. IC 6-3.5-7-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
Sec. 17. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which the individual:

- (1) maintains a home, if the individual maintains only one (1) home in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July 1** of the calendar year in which the individual's taxable year commences. If an individual changes location of residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1 of** a calendar year, the individual's liability for county economic development income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county economic development income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

SECTION 15. IC 6-3.5-8-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
Sec. 21. (a) For purposes of this chapter, an individual shall be treated

C  
o  
p  
y



as a resident municipal taxpayer of the municipality in which the individual:

- (1) maintains a residence, if the individual maintains only one (1) residence in Indiana;
- (2) if subdivision (1) does not apply, registers to vote;
- (3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) Whether an individual is a resident municipal taxpayer is determined on ~~January~~ **July** 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of the individual's residence to another location in Indiana ~~during~~ **after July 1 of** a calendar year, the individual's liability for municipal option income tax is not affected.

SECTION 16. IC 36-9-4-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

- (1) by issuing bonds under section 43 or 44 of this chapter;
- (2) by borrowing money made available for such purposes by any source;
- (3) by accepting grants or contributions made available for such purposes by any source;
- (4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or
- (5) in the case of a public transportation corporation, by levying a tax under section 49 of this chapter or ~~by recommending an election to use revenue from the county option income taxes; as provided in subsection (c):~~ **using revenue from county option income taxes.**

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

- (1) studies under section 4, 9, or 11 of this chapter;
- (2) grants in aid;
- (3) the purchase of buses or real property by a municipality for

C  
o  
p  
y



1 lease to an urban mass transportation system, including the  
 2 payment of any amount outstanding under a mortgage, contract of  
 3 sale, or other security device that may attach to the buses or real  
 4 property;

5 (4) the acquisition by a public transportation corporation of  
 6 property of an urban mass transportation system, including the  
 7 payment of any amount outstanding under a mortgage, contract of  
 8 sale, or other security device that may attach to the property;

9 (5) the operation of an urban mass transportation system by a  
 10 public transportation corporation, including the acquisition of  
 11 additional property for such a system; and

12 (6) the retirement of bonds issued and outstanding under this  
 13 chapter.

14 (c) This subsection applies only to a public transportation  
 15 corporation located in a county having a consolidated city. In order to  
 16 provide revenue to a public transportation corporation during a year;  
 17 the public transportation corporation board may recommend and the  
 18 county fiscal body may elect to provide revenue to the corporation from  
 19 part the certified distribution, if any; that the county is to receive during  
 20 same year under IC 6-3.5-6-17. To make the election, the county fiscal  
 21 body must adopt an ordinance before September 1 of the preceding  
 22 year. The county fiscal body must specify in the ordinance amount of  
 23 the certified distribution that is to be used to provide revenue to the  
 24 corporation. If such an ordinance is adopted, the county fiscal body  
 25 shall immediately send a copy of the ordinance to the county auditor.

26 SECTION 17. [EFFECTIVE JANUARY 1, 2005  
 27 (RETROACTIVE)] IC 6-3.5-1.1-16, IC 6-3.5-6-20, IC 6-3.5-7-17,  
 28 and IC 6-3.5-8-21, all as amended by this act, apply only to taxable  
 29 years beginning after December 31, 2004.

30 SECTION 18. [EFFECTIVE JANUARY 1, 2006] (a) The  
 31 definitions in IC 6-3.5 apply throughout this SECTION.

32 (b) IC 6-3.5-1.1-1, IC 6-3.5-1.1-12, IC 6-3.5-1.1-14, and  
 33 IC 6-3.5-1.1-15, all as amended by this act, and IC 6-3.5-1.1-1.1, as  
 34 added by this act, apply to the allocation among the civil taxing  
 35 units and school corporations of the certified distribution of county  
 36 adjusted gross income tax revenue made to a county for a year  
 37 beginning after December 31, 2005.

38 (c) IC 6-3.5-6-1, IC 6-3.5-6-18, and IC 6-3.5-1.1-19, all as  
 39 amended by this act, and IC 6-3.5-6-1.1, as added by this act, apply  
 40 to the allocation among the civil taxing units of the certified  
 41 distribution of county option income tax revenue made to a county  
 42 for a year beginning after December 31, 2005.

C  
o  
p  
y



1 (d) IC 6-3.5-7-12, as amended by this act, and IC 6-3.5-7-1.3,  
2 IC 6-3.5-7-4.5, and IC 6-3.5-4.9, all as added by this act, apply to  
3 the allocation among the county, cities, and towns of the certified  
4 distribution of county economic development income tax revenue  
5 made to a county for a year beginning after December 31, 2005.

6 SECTION 19. [EFFECTIVE UPON PASSAGE] Notwithstanding  
7 IC 6-3.5-1.1-11(b), IC 6-3.5-6-17(b), and IC 6-3.5-7-11(b), all as  
8 amended by this act, the department of state revenue shall, before  
9 August 2, 2005, adjust the certified distribution of a county made  
10 on or before August 2, 2004, in accordance with IC 6-3.5-1.1-9(f),  
11 IC 6-3.5-6-17(e), and IC 6-3.5-7-11(g), all as amended by this act.

12 SECTION 20. An emergency is declared for this act.

C  
o  
p  
y



SENATE MOTION

Madam President: I move that Senator Hume be added as second author of Senate Bill 609.

KENLEY

**C  
o  
p  
y**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 609, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 609 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

**C  
o  
p  
y**





## SENATE MOTION

Madam President: I move that Senate Bill 609 be amended to read as follows:

Replace the effective date in SECTION 3 with "[EFFECTIVE JULY 1, 2005]".

Replace the effective date in SECTION 10 with "[EFFECTIVE JULY 1, 2005]".

Replace the effective date in SECTION 16 with "[EFFECTIVE JULY 1, 2005]".

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 33.

Page 2, line 39, delete "operating budget of" and insert "**allocation amount for**".

Page 2, line 40, delete "under STEP FIVE of" and insert "**using**".

Page 2, line 42, delete "annual budget of" and insert "**sum of the total property taxes being collected by**".

Page 3, line 1, after "corporation" insert "**during the calendar year of the distribution**".

Page 3, line 3, after "appropriated" insert "**from property taxes**".

Page 3, line 7, after "appropriated" insert "**from property taxes**".

Page 3, line 10, delete "is:" and insert "**are:**".

Page 3, line 14, after "appropriated" insert "**from property taxes**".

Page 3, delete lines 17 through 18.

Page 3, delete lines 21 through 30, begin a new line block indented and insert:

**"STEP FOUR: Determine the sum of:**

**(A) the STEP THREE amount; plus**

**(B) the civil taxing unit's or school corporation's certified distribution for the previous calendar year."**

Page 3, line 31, after "appropriation" insert "**from property taxes**".

Page 3, line 33, delete "operating budget of" and insert "**allocation amount for**".

Page 3, line 36, after "appropriated" insert "**from property taxes**".

Page 3, line 38, after "appropriation" insert "**from property taxes**".

Page 3, line 39, delete "to the extent that" and insert "**if**".

Page 4, line 2, after "refinanced." insert "**The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.**".

Page 4, line 3, after "appropriation" insert "**from property taxes**".

Page 4, line 4, delete "operating".

C  
o  
p  
y



Page 4, line 5, delete "budget of" and insert "**allocation amount for**".

Page 4, line 7, after "appropriated" insert "**from property taxes**".

Page 4, line 9, after "appropriation" insert "**from property taxes**".

Page 4, line 10, delete "to the extent that" and insert "if".

Page 4, line 15, after "refinanced." insert "**The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.**".

Page 6, line 39, delete "12" and insert "12,".

Page 6, line 40, reset in roman "13,".

Page 7, line 7, reset in roman "Except as provided in section 13 of this chapter,".

Page 7, line 22, delete "operating budget of" and insert "**allocation amount for**".

Page 7, line 31, delete "operating budgets" and insert "**allocation amounts**".

Page 7, line 38, reset in roman "(after".

Page 7, line 39, reset in roman "adjustment made under section 13 of this chapter)".

Page 8, line 1, reset in roman "(a) In".

Page 8, reset in roman lines 2 through 6.

Page 8, line 7, reset in roman "(b)".

Page 8, line 7, delete "(a)".

Page 8, line 13, reset in roman "(c)".

Page 8, line 13, delete "(b)".

Page 8, line 18, delete "(c)" and insert "(d)".

Page 8, line 18, delete "(d)," and insert "(e),".

Page 8, line 26, strike"(d)" and insert "(e)".

Page 8, line 39, delete "operating budget"" and insert "**allocation amount**".

Page 9, line 1, delete "operating budget" and insert "**allocation amount**".

Page 9, line 2, delete "and" and insert "**plus**".

Page 9, line 3, reset in roman "current ad valorem property tax levy".

Page 9, line 3, delete "**operating budget**".

Page 9, line 6, delete "unit." and insert "unit;".

Page 9, line 6, reset in roman "plus".

Page 9, line 14, after "(4)" insert "(3)".

Page 9, line 14, reset in roman "in the case of a county, an amount equal to the property taxes".

C  
o  
p  
y



Page 9, reset in roman lines 15 through 16.

Page 9, line 25, delete "operating budget" and insert "**allocation amount**".

Page 9, line 27, delete "operating budgets" and insert "**allocation amounts**".

Page 9, line 32, reset in roman "The local government tax control board established by".

Page 9, reset in roman lines 33 through 36.

Page 9, line 37, reset in roman "under subsection".

Page 9, line 37, after "(b)(2)," insert "**(a)(2)**".

Page 9, line 37, reset in roman "then the special taxing district, authority,".

Page 9, line 38, reset in roman "board, or other entity shall not be treated as having an attributed".

Page 9, line 38, after "levy" insert "**allocation amount**".

Page 9, reset in roman line 39.

Page 9, line 40, reset in roman "attributed".

Page 9, line 40, after "~~levy~~" insert "**allocation**".

Page 9, line 40, reset in roman "amounts to the appropriate county auditor.".

Page 9, line 40, delete "The county"

Page 9, delete line 41.

Page 9, line 42, delete "unit is to receive during a calendar year.".

Page 10, line 8, reset in roman "levy".

Page 10, line 8, delete "operating budget".

Page 10, line 9, delete "operating budget." and insert "**allocation amount**".

Page 10, delete lines 10 through 42.

Page 11, delete lines 1 through 18.

Page 11, line 23, delete "operating budget of" and insert "**allocation amount for**".

Page 11, line 24, delete "under STEP FIVE of" and insert "**using**".

Page 11, line 26, delete "annual budget of" and insert "**the total property taxes that are first due and payable to**".

Page 11, line 27, after "unit" insert "**during the calendar year of the distribution plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund**".

Page 11, line 29, after "appropriated" insert "**from property taxes**".

Page 11, line 33, after "appropriated" insert "**from property taxes**".

Page 11, line 36, delete "is:" and insert "**are:**".

Page 11, line 40, after "appropriated" insert "**from property taxes**".

C  
o  
p  
y



Page 12, delete lines 1 through 2.

Page 12, delete lines 5 through 12 begin a new line block indented and insert:

**"STEP FOUR: Determine the sum of:**

**(A) the STEP THREE amount; plus**

**(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year."**

Page 12, line 13, after "appropriation" insert **"from property taxes"**.

Page 12, line 15, delete "operating budget of" and insert **"allocation amount for"**.

Page 12, line 17, after "appropriated" insert **"from property taxes"**.

Page 12, line 19, after "appropriation" insert **"from property taxes"**.

Page 12, line 20, delete "to the extent that" and insert **"if"**.

Page 12, line 25, after "refinanced." insert **"The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid."**

Page 12, line 26, after "appropriation" insert **"from property taxes"**.

Page 12, line 27, delete "operating".

Page 12, line 28, delete "budget of" and insert **"allocation amount for"**.

Page 12, line 30, after "appropriated" insert **"from property taxes"**.

Page 12, line 32, after "appropriation" insert **"from property taxes"**.

Page 12, line 33, delete "to the extent that" and insert **"if"**.

Page 12, line 38, after "refinanced." insert **"The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid."**

Page 14, line 34, delete "(i)" and insert "(i);".

Page 14, line 34, delete "(g);".

Page 15, line 4, reset in roman "(i),".

Page 15, line 4, delete "(g),".

Page 15, line 21, delete "operating budget of" and insert **"allocation amount for"**.

Page 15 line 27, delete "operating budgets" and insert **"allocation amounts"**.

Page 15, reset in roman lines 34 through 42.

Page 16, reset in roman lines 1 through 14.

C  
o  
p  
y



Page 16, line 15, reset in roman "(i)".

Page 16, line 15, delete "(g)".

Page 16, delete lines 22 through 42.

Delete page 17.

Page 18, delete lines 1 through 40.

Page 20, delete lines 21 through 42.

Delete page 21.

Page 22, delete lines 1 through 16.

Renumber all SECTIONS consecutively.

(Reference is to SB 609 as printed February 9, 2005.)

WEATHERWAX

**C  
o  
p  
y**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 609, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 8, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 7. IC 6-3.5-1.1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
Sec. 16. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which ~~he~~ **the individual**:

- (1) maintains a home, if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if neither subdivision (1) or (2) applies, registers ~~his~~ **the individual's** personal automobile; or
- (4) if neither subdivision (1), (2), or (3) applies, spends the majority of ~~his~~ **the individual's** time ~~spent~~ in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July** 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of ~~his~~ **the individual's** residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1 of a calendar year, his the individual's** liability for county adjusted gross income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county adjusted gross income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project."

Page 14, between lines 3 and 4, begin a new paragraph and insert:

C  
o  
p  
y



"SECTION 11. IC 6-3.5-6-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
 Sec. 20. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which ~~he~~ **the individual**:

- (1) maintains a home, if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers ~~his~~ **the individual's** personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of ~~his~~ **the individual's** time ~~spent~~ in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July** 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of ~~his~~ **the individual's** residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1** of a calendar year, ~~his~~ **the individual's** liability for county option income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county option income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project."

Page 15, between lines 25 and 26, begin a new paragraph and insert:

"SECTION 13. IC 6-3.5-7-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
 Sec. 17. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which the individual:

- (1) maintains a home, if the individual maintains only one (1) home in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;



C  
o  
p  
y

(3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or

(4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on ~~January~~ **July** 1 of the calendar year in which the individual's taxable year commences. If an individual changes location of residence or principal place of employment or business to another county in Indiana ~~during~~ **after July 1 of** a calendar year, the individual's liability for county economic development income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

(1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or

(2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county economic development income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

SECTION 14. IC 6-3.5-8-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
Sec. 21. (a) For purposes of this chapter, an individual shall be treated as a resident municipal taxpayer of the municipality in which the individual:

(1) maintains a residence, if the individual maintains only one (1) residence in Indiana;

(2) if subdivision (1) does not apply, registers to vote;

(3) if subdivision (1) or (2) does not apply, registers the individual's personal automobile; or

(4) if subdivision (1), (2), or (3) does not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) Whether an individual is a resident municipal taxpayer is determined on ~~January~~ **July** 1 of the calendar year in which the

**C  
O  
P  
Y**





individual's taxable year commences. If an individual changes the location of the individual's residence to another location in Indiana ~~during~~ **after July 1** of a calendar year, the individual's liability for municipal option income tax is not affected.

SECTION 15. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)] **IC 6-3.5-1.1-16, IC 6-3.5-6-20, IC 6-3.5-7-17, and IC 6-3.5-8-21, all as amended by this act, apply only to taxable years beginning after December 31, 2004."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 609 as reprinted March 1, 2005.)

ESPICH, Chair

Committee Vote: yeas 22, nays 0.

**C  
o  
p  
y**



## HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 609 be recommitted to a Committee of One, its sponsor, with specific instructions to amend as follows:

Page 9, between lines 32 and 33, begin a new paragraph and insert:

"SECTION 8. IC 6-3.5-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), **a public transportation corporation established under IC 36-9-4**, and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

- (1) who resides in that county on the date specified in section 20 of this chapter; or
- (2) who maintains his principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"School corporation" has the same definition that the term is given

C  
o  
p  
y



IC 6-1.1-1-16."

Page 13, line 4, strike "as" and insert "**established**".

Page 13, strike line 5.

Page 13, line 6, strike "IC 36-9-4-42;" and insert "**IC 36-9-4;**".

Page 18, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 16. IC 36-9-4-42 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 42. (a) A municipality or a public transportation corporation that expends money for the establishment or maintenance of an urban mass transportation system under this chapter may acquire the money for these expenditures:

- (1) by issuing bonds under section 43 or 44 of this chapter;
- (2) by borrowing money made available for such purposes by any source;
- (3) by accepting grants or contributions made available for such purposes by any source;
- (4) in the case of a municipality, by appropriation from the general fund of the municipality, or from a special fund that the municipal legislative body includes in the municipality's budget; or
- (5) in the case of a public transportation corporation, by levying a tax under section 49 of this chapter or ~~by recommending an election to use revenue from the county option income taxes, as provided in subsection (c);~~ **using revenue from county option income taxes.**

(b) Money may be acquired under this section for the purpose of exercising any of the powers granted by or incidental to this chapter, including:

- (1) studies under section 4, 9, or 11 of this chapter;
- (2) grants in aid;
- (3) the purchase of buses or real property by a municipality for lease to an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the buses or real property;
- (4) the acquisition by a public transportation corporation of property of an urban mass transportation system, including the payment of any amount outstanding under a mortgage, contract of sale, or other security device that may attach to the property;
- (5) the operation of an urban mass transportation system by a public transportation corporation, including the acquisition of additional property for such a system; and

C  
O  
P  
Y



(6) the retirement of bonds issued and outstanding under this chapter.

(c) This subsection applies only to a public transportation corporation located in a county having a consolidated city. In order to provide revenue to a public transportation corporation during a year, the public transportation corporation board may recommend and the county fiscal body may elect to provide revenue to the corporation from part the certified distribution, if any, that the county is to receive during same year under IC 6-3.5-6-17. To make the election, the county fiscal body must adopt an ordinance before September 1 of the preceding year. The county fiscal body must specify in the ordinance amount of the certified distribution that is to be used to provide revenue to the corporation. If such an ordinance is adopted, the county fiscal body shall immediately send a copy of the ordinance to the county auditor."

Renumber all SECTIONS consecutively.

(Reference is to ESB 609 as printed March 18, 2005.)

ESPICH

**C**  
**O**  
**P**  
**Y**



COMMITTEE REPORT

Mr. Speaker: Your Committee of One, to which was referred Engrossed Senate Bill 609, begs leave to report that said bill has been amended as directed.

ESPICH

**C  
o  
p  
y**

